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Secretariat

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# Information circular*

To: Members of the staff

From: The Assistant Secretary-General for Human Resources Management

Subject: **Introduction of the euro**

**Introduction**

1. With the formal introduction of the single European currency, the euro, in 12 countries of the European Union effective 1 January 2002, the national currency units of Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain will cease to be legal tender. The withdrawal of the notes and coins in the 12 national currency units (i.e., Austrian schilling, Belgian franc, Finnish markka, French franc, German mark, Greek drachma, Irish pound, Italian lira, Luxembourg franc, Netherlands guilder, Portuguese escudo and Spanish peseta) will commence, with current plans for completion of the process by 28 February 2002. To meet this significant event, preparations for the changeover to the single European currency are being taken in each of the respective countries to ensure a smooth and orderly transition.

2. The euro was introduced on 1 January 1999. At that time, the legal status of the euro came into force, and the single monetary policy was introduced across the euro zone. The national currencies became non-decimal subunits of the euro and conversion rates between each of the national currency units concerned and the euro were irrevocably fixed.

3. To allow time for the smooth integration of the euro into administrative and business processes, systems and data sources, a transitional period, from 1 January 1999 to 31 December 2001, was introduced. During this period, payments could be made either in euros or in the national currency units. As indicated above, on 1 January 2002, the final stage of the changeover to the euro begins when euro notes and coins will be launched into circulation. They will replace notes and coins in national currencies, which will be withdrawn after a short dual circulation period, by 28 February 2002 at the latest. From that date, the national currencies of the participating countries will no longer be valid for everyday use and the euro will become the sole legal currency in all euro-zone countries.

* Expiration date of the present information circular: 31 December 2002.

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**Preparations by the United Nations for the introduction of the euro**

4. The purpose of the present circular is to outline the steps that are being taken by the United Nations to prepare for the introduction of the euro and the parallel abolition of the 12 former national currencies.

5. Where salary scales, allowances, education grants and daily subsistence allowance (DSA) rates are denominated in local euro-zone currencies, they will have either to be denominated in or converted to the euro by the end of 2001. This will have a direct effect on the United Nations accounting and payroll systems wherever euro-zone payments are made, planned or recorded.

6. In order to avoid complicated issues relating to triangulation and rounding, it has been decided that the euro should be treated as a *replacement* currency, that is, a new currency that replaces the 12 former national currency units. This approach would ensure that the same currency is used throughout the purchase order-to-payment chain, ensuring that all transactions are denominated in the appropriate currency of the contract, liability or entitlement of origin. Where possible, transactions relating to euro-zone currencies are currently being denominated in euros so as to minimize any future requirement to convert transactions from national currencies into euros in 2002.

7. Therefore, all salary scales and related allowances, dependency allowances, daily subsistence allowances, education grants and the rental subsidy expressed in the national currency units concerned will be converted into euros by applying the respective fixed conversion rates that have been officially promulgated by the European Central Bank, as follows:

| *Country* | *National currency* | *Euro conversion rates of euro-zone currencies* |
|---|---|---|
| Austria | Austrian schilling | 13.7603 |
| Belgium | Belgian franc | 40.3399 |
| Finland | Finnish markka | 5.94573 |
| France | French franc | 6.55957 |
| Germany | German mark | 1.95583 |
| Greece | Greek drachma | 340.750 |
| Ireland | Irish pound | 0.787564 |
| Italy | Italian lira | 1936.27 |
| Luxembourg | Luxembourg franc | 40.3399 |
| Netherlands | Netherlands guilder | 2.20371 |
| Portugal | Portuguese escudo | 200.482 |
| Spain | Spanish peseta | 166.386 |

8. National currency units will thus be converted into euros by applying the conversion values using up to five significant digits (i.e., six decimal places) and by applying the rounding convention in accordance with European Union procedures (i.e., by applying the respective fixed conversion rates). Since United Nations emoluments are set in whole currency units, salary and entitlement scale converted values will then be rounded up or down to the nearest euro.

**Local salaries and allowances**

9. In order to ensure that staff members are informed about and familiar with the effect that the introduction of the euro will have on their salaries and related allowances, the United Nations has prepared salary scales for staff in the local General Service and related categories, to indicate the euro equivalents of the salary scales that are currently applicable for each of the 12 duty stations concerned. In accordance with the conversion and rounding procedures set out in paragraph 8 above, these salary scales will not have any decimal places. The salary scales are being provided for information purposes only until the euro formally supersedes each national currency. Effective 1 January 2002, the euro-rate salary scales will become the official salary scales for the duty stations concerned.

10. Annex I contains a list of all affected duty stations for which current local salary scales for staff in the General Service and related categories have been denominated in euros. These salary scales have also been posted on the web site of the Office of Human Resources Management, at <www.un.org/Depts/OHRM/salaries_allowances>.

11. The same conversion procedure has been used to convert dependency allowances, language allowances and the rental subsidy.

**Education grant**

12. With respect to the education grant, it is recalled that the International Civil Service Commission (ICSC) recommends to the General Assembly the levels of the grant in 17 currency areas, based on the movement of tuition fees and education-related costs of staff in the respective areas. Nine of the currency areas are in the euro zone, namely, the Austrian schilling, Belgian franc, Deutsche mark, Finnish markka, French franc, Irish pound, Italian lira, Netherlands guilder and Spanish peseta.

13. In its discussions on the introduction of the euro at its fifty-third session, ICSC decided to report to the General Assembly at its fifty-sixth session on the converted values of the education grant for the nine currency areas that will change over to the euro as at 1 January 2002 (see annex II).

**Children's and secondary dependant's allowances for staff in the Professional category and above**

14. The General Assembly, upon the recommendation of ICSC, approves children's and secondary dependant's allowances for staff in the Professional and higher category. In most countries, a universal United States dollar rate applies. At 12 designated locations, however, these allowances are set in local currencies. Nine of these locations belong to the euro zone: Austria, Belgium, France, French Guiana, Germany, Ireland, Luxembourg, Monaco and the Netherlands.

15. In its discussions on the introduction of the euro at its fifty-third session, ICSC decided also to report to the Assembly on the converted values of the children's and secondary dependant's allowances for the nine locations which will change over to the euro as at 1 January 2002 (see annex III).

**Daily subsistence allowance rates**

16. The daily subsistence allowance rates are established and promulgated by the Chairman of ICSC. Since February 2001, ICSC has published, as an annex to the DSA circular, a table of euro rates for 35 locations linked to the euro. The table has been provided for information purposes until such time as the euro formally supersedes each national currency. Effective 1 January 2002, the euro rates will be published as official currency amounts and, accordingly, the annex will be discontinued.

## Annex I

### Local salaries

The following list of 12 duty stations at which local salary scales will be denominated in euros is provided for information purposes only; the euro-rate scales will become official only on 1 January 2002:

Athens

Bonn

Brindisi

Brussels

Dublin

Helsinki

Lisbon

Madrid

Paris

Rome

The Hague

Vienna

## Annex II

### Education grant amounts for euro-zone currency areas as at 1 January 2002, to be reported by the International Civil Service Commission to the General Assembly at its fifty-sixth session

(Euro)

| | *Maximum admissible educational expense and maximum grant for disabled children* | *Maximum education grant* | *Normal flat rate when boarding not provided* | *Additional flat rate when boarding (at designated duty stations)* |
|---|---|---|---|---|
| Austria | 12 159 | 9 119 | 3 170 | 4 755 |
| Belgium | 12 898 | 9 673 | 2 929 | 4 394 |
| Finland | 9 082 | 6 812 | 2 229 | 3 343 |
| France | 9 330 | 6 997 | 2 500 | 3 751 |
| Germany | 15 736 | 11 802 | 3 592 | 5 389 |
| Ireland | 9 997 | 7 498 | 2 404 | 3 606 |
| Italy | 12 289 | 9 217 | 2 558 | 3 838 |
| Netherlands | 13 085 | 9 814 | 3 170 | 4 755 |
| Spain | 9 452 | 7 089 | 2 456 | 3 684 |

## Annex III

### Children's and secondary dependant's allowance amounts for euro-zone currency areas as at 1 January 2002, to be reported by the International Civil Service Commission to the General Assembly at its fifty-sixth session

(Euro)

| *Location* | *Currency* | *Children's allowance* | *Secondary dependant's allowance* |
|---|---|---|---|
| Austria | Euro | 2 298 | 849 |
| Belgium | Euro | 1 947 | 623 |
| France | Euro | 1 730 | 574 |
| French Guiana | Euro | 1 730 | 574 |
| Germany | Euro | 2 321 | 832 |
| Ireland | Euro | 1 627 | 533 |
| Luxembourg | Euro | 1 203 | 623 |
| Monaco | Euro | 1 730 | 574 |
| Netherlands | Euro | 2 271 | 773 |